

Message Text

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L:EB:SBENSON (DRAFT)

BUMINES:WSTOWASSER (DRAFT)

NEA:AFN:ALLEGGIO (DRAFT)

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TO AMEMBASSY CANBERRA

INFO USMISSION GENEVA

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SUBJECT: UNCTAD COMMODITIES--PHOSPHATES

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REF: A) CANBERRA 7891 B) STATE 267871

1. AS REQUESTED IN REF A, THE FOLLOWING INFORMATION ON THE INTERNATIONAL PHOSPHATES INDUSTRY ASSOCIATION (ISMA) AND THE PHOSPHATE ROCK EXPORT ASSOCIATION (PHOSROCK) IS TO BE SHARED WITH MESSRS. FIELD AND MACGREGOR, COMMODITY POLICY DIVISION, DEPARTMENT OF OVERSEAS TRADE.

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2. THE LIMITED ANTI-TRUST IMMUNITY OF EXPORT TRADE ASSOCIATIONS, SUCH AS PHOSROCK, IS DERIVED FROM THE WEBB-POMERENE (EXPORT TRADE) ACT OF 1918, RATHER THAN GRANTED BY JUSTICE DEPARTMENT. THE WEBB-POMERENE ACT EXEMPTS FROM THE PROHIBITIONS OF THE SHERMAN ACT EXPORT ASSOCIATIONS WHICH ENGAGE SOLELY REPEAT SOLELY IN EXPORT TRADE

PROVIDED THAT SUCH ASSOCIATIONS 1) DO NOT ACT IN RESTRAINT OF TRADE WITHIN THE US, 2) DO NOT ACT IN RESTRAINT OF EXPORTS OF ANY US NON-MEMBER COMPETITOR OF THOSE ASSOCIATIONS, AND 3) DO NOT AGREE OR CONSPIRE TO DO ACTS WHICH ENHANCE OR DEPRESS PRICES WITHIN THE US OF THE EXPORTED COMMODITY OR LESSEN COMPETITION IN THE US.

NUMEROUS OTHER DEVELOPED COUNTRIES (CANADA, FRANCE, FRG, JAPAN, AND UK) AND TREATIES (EEC AND ECSC) PERMIT SIMILAR JOINT EXPORT SALES FROM THEIR RESPECTIVE COUNTRIES, BUT THE EXEMPTION UNDER US LAW IS CONSIDERED TO BE THE MOST LIMITED IN SCOPE. (FYI: THERE ARE AT PRESENT SOME 28 ACTIVE WEBB-POMERENE ASSOCIATIONS REGISTERED WITH THE FEDERAL TRADE COMMISSION. PRODUCTS COVERED--BESIDES PHOSPHATES--INCLUDE MOTION PICTURES, DRIED FRUITS, ALFALFA, POTASH, SULPHUR, AND WALNUTS.)

3. ISMA IS A 50 YEAR OLD INTERNATIONAL TRADE ASSOCIATION REGISTERED IN THE UNITED KINGDOM WITH A PERMANENT SECRETARIAT IN PARIS. ITS MEMBERSHIP COMPRISES OVER 300 ORGANIZATIONS IN 54 COUNTRIES AND IS CONTINUALLY GROWING. PRODUCERS OF PHOSPHATE ROCK AND/OR PHOSPHATIC FERTILIZERS ARE ORDINARY MEMBERS AND CONSTITUTE NEARLY TWO-THIRDS OF THE MEMBERSHIP. "AFFILIATE" MEMBERS INCLUDE PRODUCERS OF OTHER FERTILIZERS AND THEIR RAW MATERIAL INPUTS--NITROGEN, POTASH, SULFUR, AND SULPHURIC ACID--PLUS LIMITED OFFICIAL USE

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PROFESSIONAL AND COMMERCIAL ASSOCIATIONS. "ASSOCIATE" MEMBERS INCLUDE LARGE TRADING HOUSES, ENGINEERING AND CONSTRUCTION COMPANIES, VARIOUS GOVERNMENTAL BODIES, RESEARCH INSTITUTES, AND CONSULTING ORGANIZATIONS. (FYI: US MEMBERS NUMBER 43 AND BESIDES PHOSROCK INCLUDE SUCH DISPARATE GROUPS AS THE TVA, KAISER ALUMINUM, AND SULPHUR INSTITUTE). ISMA IS PRIMARILY A STATISTICAL GATHERING ORGANIZATION. IN ADDITION TO A SECRETARIAT AND AN EXECUTIVE COMMITTEE, THERE ARE FOUR STANDING COMMITTEES:

--RAW MATERIALS COMMITTEE (WHICH STUDIES SUPPLY AND PRODUCTION TRENDS FOR FERTILIZER RAW MATERIALS AND INTERMEDIATE PRODUCTS).

--ECONOMICS COMMITTEE (WHICH STUDIES ECONOMIC ASPECTS OF FERTILIZER MANUFACTURING, MARKETING, DISTRIBUTION, AND USE).

--FERTILIZER COMMITTEE (WHICH ORGANIZES INFORMATION EXCHANGES ON SCIENTIFIC AND TECHNOLOGICAL DEVELOPMENTS AND MAINTAINS WORKING PARTIES ON ENVIRONMENTAL AND EXTENSION WORK).

--AGRICULTURAL COMMITTEE (WHICH ORGANIZES MEETINGS OF AGRONOMISTS TO DISCUSS CURRENT RESEARCH AND EXTENSION WORK).

ISMA HOLDS ANNUAL CONFERENCES IN MAY-JUNE AND MID-YEAR TECHNICAL MEETINGS DURING OCTOBER. AN EXECUTIVE MEETING IS TO BE HELD NOVEMBER 30-DECEMBER 1 IN WASHINGTON, D.C.

ISMA PUBLICATIONS, WHICH ARE AVAILABLE TO ALL MEMBERS, INCLUDE:

--"WORLD FERTILIZER AND RAW MATERIALS STATISTICS"(WHICH CONTAINS TIMELY AND AUTHORITATIVE DATA ON PRODUCTION, LIMITED OFFICIAL USE

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TRADE AND CONSUMPTION OF PHOSPHATE ROCK AND UPGRADED PRODUCTS, AS WELL AS INPUTS AND INTERMEDIATES OF OTHER FERTILIZERS)

--"PHOSPHORUS IN AGRICULTURE" (WHICH REVIEWS SCIENTIFIC LITERATURE AND REPORTS ON RESEARCH BY AGRONOMISTS)

--COMMITTEE SURVEYS, PAPERS PRESENTED AT ISMA CONFERENCES, AND OCCASIONAL PAPERS.

SINCE BROKEN HILL APPARENTLY IS UNWILLING TO SHARE ISMA STATISTICS WHICH GOA COMMODITY EXPERTS, LATTER MIGHT DIRECTLY CONTACT ISMA SECRETARIAT (1, AVENUE FRANKLIN D. ROOSEVELT, PARIS), OR APPROACH ONE OF THE HALF-DOZEN OTHER AUSTRALIAN MEMBERS.

4. COMMENT: RUMORS CITED BY FIELD AND MACGREGOR APPEAR TO BE TOTALLY UNFOUNDED. ISMA'S SIZE AND DIVERSITY OF MEMBERSHIP INCLUDING PRODUCERS AND CONSUMERS, COUPLED WITH THE PUBLICITY ATTENDING ITS MEETINGS AND ITS LONG TRADITION OF NON-POLITICAL ACTIVITIES, MAKE THE ORGANIZATION A HIGHLY UNLIKELY FORUM FOR CONCERTED INTERNATIONAL EFFORTS TO MANIPULATE THE WORLD MARKET AND TRADE IN PHOSPHATES. MOREOVER, PARTICIPATION OF PHOSROCK IN CARTEL-TYPE ACTIVITY WITH MOROCCO EFFECTING US COMMERCE WOULD CLEARLY EXCEED THE LIMITED IMMUNITY CONFERRED BY THE WEBB-POMERENE ACT AND SUBJECT THE EXPORT ASSOCIATION TO CRIMINAL PROCEEDINGS UNDER SECTION 1 OF THE SHERMAN ACT. VANCE

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